

STATE OF NEW HAMPSHIRE INSURANCE DEPARTMENT
REQUEST FOR PROPOSAL – FINANCIAL EXAMINATION OF THE HANOVER INSURANCE GROUP

The New Hampshire Insurance Department is requesting proposals to perform a full scope financial examination of the HANOVER INSURANCE GROUP (“HANOVER”), NAIC Group #88, for the 5 years ended 12/31/2019. We are looking for the contract firm to lead the exam and NH will provide an experienced examiner. Our Chief Examiner will perform a final level of review. We will need an IT Specialist to perform the Exhibit C and IT General Controls portion of the exam. We will also need a credentialed actuary to perform the actuarial reserves study and review of pricing and underwriting operations and controls. Other states participating in this exam for their respective companies are Michigan, Illinois, Indiana, Ohio, Texas, New York, and Delaware.

Hanover is very much centralized with key executives, systems and operations primarily located in Worcester MA. There is also a substantial operation in Howell, Michigan.

Following link to the website for HANOVER to provide you background information and a chart with detail on the companies in the group.

<https://www.hanover.com/>

Group / Insurer	Dom	DPW	% Tot.	GPW	Net	Last
			DPW		Admitted	Exam
					Assets	
88 - The Hanover Ins Grp		4,828,126,394				
22292 - Hanover Ins Co	NH	1,294,979,717	26.82%	3,932,830,246	8,092,251,053	12/31/14
31534 - Citizens Ins Co Of Amer	MI	916,132,500	18.97%	1,547,972,839	1,622,184,027	12/31/14
10395 - Citizens Ins Co Of The Midwest	IN	616,413,257	12.77%	616,465,660	69,318,781	12/31/14
22306 - Massachusetts Bay Ins Co	NH	569,236,140	11.79%	570,782,450	65,793,902	12/31/14
41840 - Allmerica Fin Benefit Ins Co	MI	440,370,691	9.12%	447,071,922	50,361,565	12/31/14
36064 - Hanover Amer Ins Co	NH	255,462,439	5.29%	255,462,606	29,452,089	12/31/14
42552 - Nova Cas Co	NY	238,450,162	4.94%	239,726,816	95,985,945	12/31/14
10212 - Allmerica Fin Alliance Ins Co	NH	163,165,974	3.38%	163,165,977	19,526,674	12/31/14
12833 - AIX Specialty Ins Co	DE	147,696,197	3.06%	147,696,197	51,850,724	12/31/14
10815 - Verlan Fire Ins Co MD	NH	85,423,820	1.77%	85,441,207	25,541,496	12/31/14
10714 - Citizens Ins Co Of IL	IL	44,143,659	0.91%	44,143,659	5,472,514	12/31/14
41602 - The Hanover Cas Co	TX	42,014,451	0.87%	42,014,451	10,991,299	12/31/14
10176 - Citizens Ins Co Of OH	OH	13,620,428	0.28%	13,687,103	13,697,049	12/31/14
12260 - Campmed Cas & Ind Co Inc	NH	1,016,959	0.02%	1,016,959	20,274,470	12/31/14
11705 - Hanover NJ Ins Co	NH	0	0.00%	0	31,053,884	12/31/14
13147 - Hanover Natl Ins Co	NH	0	0.00%	0	12,150,531	12/31/14

Our plan at this point is to partially commence the exam in late 2019 with Phase 1 work in the areas of IT, Corporate Governance, Assessment of Internal Audit, Review of SOX process and testing and review of selected 2018 CPA workpapers. We have agreed to limit interaction with the financial reporting and actuarial areas during their year end and other busy reporting times. The exam will fully engage when we have annual statements and access to the 2019 CPA workpapers. We expect to spend 50% of the time onsite at the Company in Worcester, MA. Along with information about your organization and qualifications to serve, please provide your proposal in hours and dollars with a breakdown of financial, IT and actuarial subtotals along with budgeted travel and out of pocket expenses with a not-to-exceed amount for each subtotal. Also, provide the names and resumes of the people who will lead and staff the exam. If there are significant changes in scope after proposals are submitted or if major unforeseen issues occur which require additional hours, those are negotiable. We are requesting that proposals be submitted electronically to Colin Wilkins no later than 10/15/2019. Any questions should be directed to him as well.

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